



## South Korea

**ECONOMY.** South Korea was the largest of the Asian tigers in the early 1990s, growing at an incredible pace. It was also one of the hardest hit during the Asian financial crisis in 1998. However, recovery has been swift and South Korea is again growing quickly. The softening of the technology industry worldwide and especially in the U.S. dampened growth during 2001 although the country still enjoyed modest growth. Unemployment has fallen steadily after peaking in 1998. The economy has benefited from a large amount of foreign investment, especially in manufacturing. After peaking in 1998, unemployment has fallen steadily and prices have remained contained.

**EXCHANGE RATE.** Like other major currencies around the world, the Won has declined versus the U.S. dollar in recent years (nearly 15% since January 2000). The currency peaked in the mid-1990s before the financial crash forced devaluation. Despite the currency fluctuations, travel demand has been little affected by the small changes in the day-to-day exchange rate.

**LANGUAGE RESOURCES.** Language is a barrier to U.S. travel. English is not widely spoken and since group travel is also not common, most travel is limited to cities with access to language services.

**TECHNOLOGY APTITUDE.** Korea boasts the lowest Internet access costs of any developed economy. However, most consumers still lack the resources to purchase a home computer to access the Internet. Mobile phone use is high, however, and Internet access will likely be through this medium as opposed to desktop computers. Korea's economy is highly dependent on the technology sector and that dependence also generates consumer use.

**SEASONS & SEGMENTS.** Most travel from Korea is to the cities in the West and New York. There is a strong business travel segment and a strong friends and family segment from the country. Los Angeles, New York, Las Vegas, San Francisco, San Jose and Seattle all attract large numbers of Korea visitors. Compared to the Japanese market, Korean travelers to the U.S. stay longer, spend slightly less and rely much less on packaged travel. More travel from Korea to the U.S. is focused on the mainland compared to Japan, where as much as 60% of demand is to Hawaii and Guam. Urban destinations are the most popular form of vacation in the U.S. Other types of attractions that are growing in popularity include theme parks,

touring, national parks, and history and heritage/cultural sites.

**HISTORIC VISITATION.** Korea was among the fastest growing markets to the U.S. throughout the 1990s. Indeed, growth skyrocketed from 211,000 in 1990 to nearly 750,000 in 1997. Demand evaporated in 1998 in the wake of the Asian financial crisis but has since returned strongly. Prior to September 11<sup>th</sup>, Korea was one of the few markets poised to increase the number of arrivals to the U.S. By year's end, Korean visitation to the U.S. fell just 5% to 625,000, outperforming every major market except Mexico. The U.S. dominates the Korean long haul market and is gaining market share versus other destinations in Canada and Europe.

**SOCIAL & POLITICAL FACTORS.** The terrorist attacks on September 11<sup>th</sup> significantly affected travel demand from Korea, although less than other Asian markets. In addition, because most Korean travel to the U.S. is based on the west coast, confidence in the U.S. was relatively less affected than confidence from other markets. There is some uncertainty as to whether the increasing tension between the U.S. and North Korea will translate into consumer behaviors.

**OLYMPIC INTEREST.** Korea has maintained a high interest in the Olympic movement, having hosted a Summer Games in Seoul in 1988. The addition of short track speed skating has renewed interest in the Winter Olympics. Several Korean athletes performed well in Salt Lake City in these events. Some controversy erupted during a short track competition regarding the disqualification of a Korean athlete. While not as significant as the figure skating controversy, it nonetheless attracted media attention. Media outlets in Korea were also interested in the operational aspects of the Games and the intricacies of hosting a high profile world sporting event as a result of their selection to host the 2002 World Cup with Japan. Consequently, nearly 33 million Korean viewers tuned in to watch an average of 5 hours of Olympic coverage.

**DISTRIBUTION INFRASTRUCTURE.** Regular air service is available from many cities in the U.S. to Seoul. Korea is trying to become a major Asian hub by building a large airport in Incheon.



## Taiwan

**ECONOMY.** After growing strongly during the technology boom, Taiwan's economy has entered a severe recession in 2001. Highly dependent on tech exports, the collapse of the technology bubble that characterized growth during the latter half of the 1990s has significantly impacted growth during the last two years. To the extent that the tech sector improves will greatly determine growth prospects for the future. Despite the current recession, the Taiwan economy has improved considerably over the past several years, with strong wage growth outpacing very low inflation. However, unemployment has trended upward over the past few years and combined with deflationary risks, has dampened consumer confidence and spending.

**EXCHANGE RATE.** The New Taiwan dollar has fluctuated widely during the last several years. Like other Asian currencies, it depreciated versus the U.S. dollar during the Asian financial crisis. Then in the years following the crisis, the IT boom stimulated high growth rates and the currency gained versus the dollar. Now that the IT boom has collapsed, the currency has again fallen versus the U.S. dollar. The result of such wide currency fluctuations over time is relatively little impact on overseas travel demand.

**LANGUAGE RESOURCES.** English is widely spoken within much of the business community and among other select groups. However, most of the population is not fluent in English. As a result, most travel has been concentrated to urban destinations and group travel.

**TECHNOLOGY APTITUDE.** Taiwan specializes in technology sector manufacturing. As a result, technology is embraced as part of the culture and is seen as integral to improving their quality of life. However, a significant portion of the population is still unable to afford Internet connections, mobile telephones, and household computers. As economic prosperity continues, expect technology to become more mainstream among the general population.

**SEASONS & SEGMENTS.** The two largest segments of Taiwan travel to the U.S. are business travel and trips to friends and family. Most trips are concentrated in large western cities (Los Angeles, San Francisco, San Jose, Las Vegas) and New York City. Most overseas trips are repeat visitors to the U.S. Taiwanese vacationers are characterized by relatively

high spending and long stays, making it a valuable market. Nearly a fourth of Taiwan visitors travel via a packaged deal and a large majority utilize a travel agent for information and air service arrangements. Secondary activities that are growing in popularity include historic sites, national parks, casinos, and specialty tours.

**HISTORIC VISITATION.** The U.S. has enjoyed an increase in visitors from Taiwan in nine of the last ten years. The U.S. dominates long haul travel, accounting for over 50% of the market. However, despite the visitation increases, the U.S. has steadily lost market share to destinations in Europe. Nonetheless, the outlook for Taiwan travel to the U.S. is very positive.

**SOCIAL & POLITICAL FACTORS.** Taiwan continues to struggle with its relationship towards China. The government will work towards reducing any negative impacts of joining the WTO and further liberalization of the economy. More positively, Taiwan consumers have a fascination with American culture. American movies, music, and fashion are extremely popular, especially among the young. Travel to the U.S. is greatly anticipated and eagerly pursued. The U.S. is generally perceived as a safe and convenient destination, although Taiwanese travelers are sensitive to safety issues. The terrorist attacks in September combined with the recession significantly deterred travel to the U.S. in 2001. As confidence in overseas travel returns and the Taiwan economy improves, demand will likely return quickly.

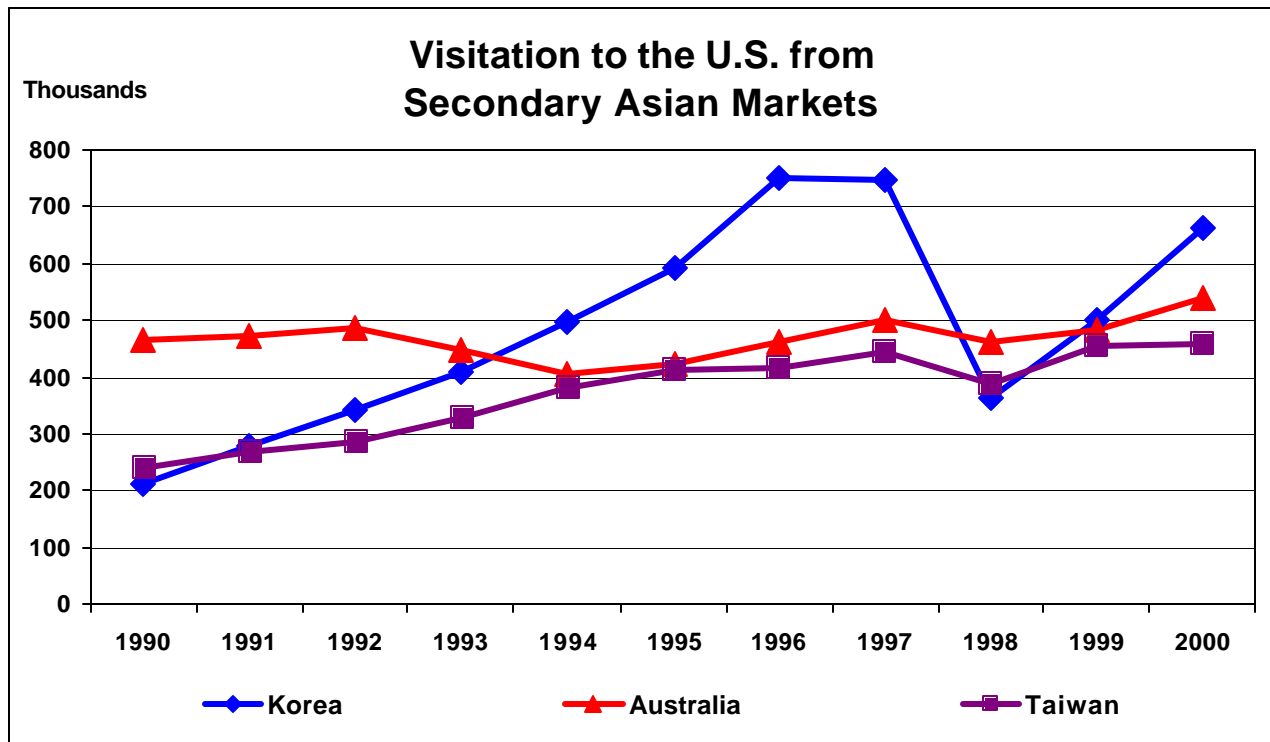
**OLYMPIC INTEREST.** Taiwan does not have a history of interest in Winter Olympic sports nor do winter sports appeal to the general public. Taiwan does have a niche ski market, but it is small relative to total population.

**DISTRIBUTION INFRASTRUCTURE.** Taipei serves as a major Asian hub, particularly appealing to technology-based businesses along the west coast of the U.S. Such linkages make travel to and from Taiwan relatively inexpensive and most major carriers offer direct flights with convenient connections. In addition to business linkages, a growing Asian population in major west coast cities also attracts a sizeable leisure market.

### HISTORY OF U.S. ARRIVALS SECONDARY ASIAN MARKETS

Year	Korea	Taiwan	Australia
1990	211	239	466
1991	278	268	471
1992	341	287	487
1993	408	327	449
1994	498	379	407
1995	592	413	424
1996	749	415	463
1997	747	443	501
1998	364	386	461
1999	499	453	483
2000	662	457	540

SOURCE: T/ITA U.S. Dept. of Commerce



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